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TAGS: [PREL](#) [PGOV](#) [KCRM](#) [KCOR](#) [NATO](#) [MK](#)

SUBJECT: MACEDONIA: "BIG FISH" CONVICTED IN CORRUPTION CASE

REF: A. SKOPJE 153

[1](#)B. SKOPJE 86

[1](#)1. (SBU) Summary. In a landmark ruling, a Macedonian court has convicted two high-profile defendants in a major corruption case. A former National Bank Governor and a controversial businessman were convicted and sentenced to four-and-a-half-years imprisonment on February 25 for a financial fraud case that allegedly cost the National Bank \$41 million. The convictions demonstrate that Macedonia's courts are capable of successfully prosecuting even "big fish" with past political ties to the current government. End Summary.

#### High-Profile Corruption Case Ends In Convictions

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[1](#)2. (SBU) On February 25, a Skopje court sentenced former National Bank Governor Ljube Trpeski and high-profile businessman Metodij Smilenski to four and a half years imprisonment each on a corruption conviction. The defendants also were ordered to return 22 million dollars to the state in damages.

[1](#)3. (U) In 2002, while Trpeski was National Bank Governor he signed off on a guarantee for a loan to Smilenski's Export-Import Bank. According to the prosecution, when Smilenski's bank declared bankruptcy and the money could not be recovered the National Bank was stuck with a loss of \$41 million, while the National Bank money ended up in various accounts controlled by Smilenski (ref B).

[1](#)4. (SBU) The case was technically challenging due to the complex financial transactions involved. It also was politically sensitive given the defendants' high-profile past ties with members of the ruling party. Smilenski was a close associate of former VMRO-DPMNE Prime Minister Ljubco Georgievski, while Trpeski is politically well-connected and is related to current Deputy Prime Minister Zoran Stavreski.

[1](#)5. (U) The defendants' lawyers have announced they will appeal the court's decision. Trpeski will remain free until the verdict goes into force, while Smilenski is already in prison on other criminal charges. This is Smilenski's second conviction in the past year, and he faces additional charges in another pending criminal case.

Macedonia's Continued Progress On Corruption Fight

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¶6. (SBU) The Macedonian court's ruling defied skeptics who claimed that Trpeski was too well connected to ever be convicted. The ruling demonstrated that the judicial system can successfully prosecute corruption cases, even when the defendants are wealthy and politically connected, and the story received front-page coverage in all major daily newspapers on February 26. The four-and-a-half year sentence is also relatively long for a white-collar case in Macedonia, and the order to repay the \$22 million is a deterrent shot across the bow that should give pause to other high-stakes abusers of the public trust.

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